

SBC COMMUNICATIONS INC
Form 11-K
June 25, 2003

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 2002

Commission File Number 1-8610

SBC SAVINGS AND SECURITY PLAN

SBC COMMUNICATIONS INC.

175 E. Houston, San Antonio, Texas 78205

Financial Statements, Supplemental Schedules and Exhibits

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REPORT OF INDEPENDENT AUDITORS

SBC Communications Inc., Plan Administrator
for the SBC Savings and Security Plan

We have audited the accompanying statements of net assets available for benefits of SBC Savings and Security Plan as of December 31, 2002 and 2001, and the related statement of changes in net assets available for benefits for the year ended December 31, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall fair presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits at December 31, 2002 and 2001, and the changes in its net assets available for benefits for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2002 and 2001, and transactions for the year then ended are presented for purposes of additional analysis and are not a part of the financial statements but are supplementary information required by the Department of Labor Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have not been subjected to auditing procedures applied in our audits of the financial statements, and in our opinion, they are stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST & YOUNG

San Antonio, Texas
June 23, 2003

SBC SAVINGS AND SECURITY PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(Dollars in Thousands)

| | December 31, | |
|-----------------------------------|--------------|--------------|
| | 2002 | 2001 |
| ASSETS | | |
| Investments (See Note 3) | \$ 4,471,815 | \$ 3,999,000 |
| Cash | - | - |
| Dividends and interest receivable | 65 | - |
| Receivable for investments sold | 55 | - |
| Contributions receivable | 45 | - |
| Other receivables | - | - |
| | ----- | ----- |
| Total Assets | 4,471,980 | 3,999,000 |
| | ----- | ----- |

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LIABILITIES

| | | | | |
|-----------------------------------|----|-----------|----|-------|
| Administrative expenses payable | | 526 | | 1 |
| Payable for investments purchased | | 3,241 | | |
| | | ----- | | ----- |
| Total Liabilities | | 3,767 | | 1 |
| | | ----- | | ----- |
| Net Assets Available for Benefits | \$ | 4,468,213 | \$ | 3,998 |
| | | ===== | | ===== |

See Notes to Financial Statements.

SBC SAVINGS AND SECURITY PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Dollars in Thousands)

| | | | |
|--|----|-----------|--|
| Net Assets Available for Benefits, December 31, 2001 | \$ | 3,998,507 | |
| Additions to Net Assets: | | | |
| Contributions and transfers: | | | |
| Participant contributions | | 243,236 | |
| Employer contributions | | 126,355 | |
| Transfer in due to plan merger (See Note 1) | | 1,425,486 | |
| | | ----- | |
| | | 1,795,077 | |
| Investment Income: | | | |
| Dividends on SBC common shares | | 76,302 | |
| Interest | | 46,516 | |
| | | ----- | |
| | | 122,818 | |
| | | ----- | |
| Total Net Additions | | 1,917,895 | |
| Deductions from Net Assets: | | | |
| Net depreciation in fair value of investments | | 798,840 | |
| Administrative expenses | | 6,184 | |
| Distributions | | 638,486 | |
| Transfer to other plan (See Note 1) | | 4,679 | |
| | | ----- | |
| Total Deductions | | 1,448,189 | |
| | | ----- | |
| Net Assets Available for Benefits, December 31, 2002 | \$ | 4,468,213 | |
| | | ===== | |

See Notes to Financial Statements.

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SBC SAVINGS AND SECURITY PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

1. Plan Description - The SBC Savings and Security Plan (Plan) was established by SBC Communica

the Company) to provide a convenient way for eligible employees to save for retirement on a long-term basis. The majority of eligible employees are represented by the Communications W America. The following description of the Plan provides only general information. The Plan provisions covering participant eligibility, participant allotments from pay, participant w participant loans, employer contributions and related vesting of contributions and Plan expe text and prospectus include complete descriptions of these and other Plan provisions. The P the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective September 2, 2002, the Ameritech Savings Plan for Non-Salaried Employees was merge Approximately \$1,425,486 from this merger is included on the statement of changes in net ass benefits.

In 2000, SBC entered into the Cingular Wireless (Cingular) joint venture agreement with Bell As a result of this agreement, certain SBC employees were leased to Cingular. In December 2 became Cingular employees. During 2002 the Plan transferred approximately \$4,679 to State S Trust related to those former employees who became employees of Cingular.

Participants can invest their contributions in one or more of the following funds in 1% incr Shares Fund, the Bond Fund, the Large Cap Stock Fund (formerly known as the Diversified Equi Interest Income Fund, the Asset Allocation Fund, the Global Equity Fund, the Mid and Small C the International Stock Fund.

Company matching contributions are made solely in the form of shares of SBC's common stock h Stock Ownership Plan (ESOP) which is a separate investment account of this Plan.

Dividends on shares in the SBC Shares Fund and the ESOP can either be reinvested in the SBC quarterly basis, or paid into a separate fund known as a Dividend Fund Account (DFA) for dis end of the year. At the end of the year, dividends held in the DFA are paid out to the part earned on dividends held in the DFA will be paid into the SBC Shares Fund. During 2002, Pla elected to receive \$16,615 in dividend distributions. This amount is included in distributi statement of changes in net assets.

Although it has not expressed any intent to do so, SBC has the right under the Plan contributions at any time and to terminate the Plan subject to the provisions of ERISA. I Plan is terminated, subject to the conditions set forth by ERISA, the account balances shall be 100% vested.

2. Accounting Policies - The values of investments are determined as follows: SBC common shares

the closing price as reported on the New York Stock Exchange; contracts with insurance compa financial institutions at principal plus reinvested interest which approximates fair value; trust funds at values obtained from fund managers; and temporary cash investments at cost, w fair value. Purchases and sales of securities are reflected as of the trade date. Dividend recognized on the ex-dividend date. Interest earned on investments is recognized on the acc

The accompanying financial statements were prepared in conformity with accounting principles accepted in the United States, which require management to make estimates that affect the am the financial statements and accompanying notes. Actual results could differ from those est

3. Investments - Investments representing 5% or more of Plan net assets at either December 31,

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| | 2002 | 2001 |
|---|--------------|--------------|
| | ----- | ----- |
| Employee Stock Ownership Plan * | | |
| ----- | | |
| SBC common shares | \$ 1,012,278 | \$ 1,028,969 |
| SBC Shares Fund | | |
| ----- | | |
| SBC common shares | \$ 1,581,928 | \$ 1,530,000 |
| Large Cap Stock Fund | | |
| ----- | | |
| Barclays Global Investors Equity Index Fund F | \$ 399,612 | \$ 434,000 |

* Nonparticipant-directed

During 2002, the Plan's investments (including gains and losses on investments bought and sold and investments held during the year) depreciated in value as follows:

| | |
|--------------------------|--------------|
| Common Stock | \$ (671,360) |
| Common Collective Trusts | (127,480) |
| | ----- |
| Total | \$ (798,840) |
| | ===== |

The Interest Income Fund consists of contracts with various financial institutions and insurers that promise to repay principal plus accrued income at contract maturity, subject to the credit risk of the issuer. Interest crediting rates are generally established when the contract is purchased and reset. For the years ended December 31, 2002 and 2001, the average interest rates earned on these contracts were 5.39% and 6.13%. At December 31, 2002, the fixed crediting interest rates on these contracts ranged from 2.83% to 8.00%. At December 31, 2001, the fixed crediting interest rates on these contracts ranged from 2.83% to 8.00%. No valuation reserves were recorded to adjust contract amounts as of December 31, 2002 and 2001.

The Interest Income Fund invests in both guaranteed investment contracts (GICs) and synthetic guaranteed investment contracts (SICs). SICs differ from GICs in that the assets supporting the SICs are owned by the issuer or insurance company issues a wrapper contract that allows participant directed transactions to be based on contract value. Wrapper contracts are valued as the difference between the fair value of the underlying assets and the contract value. The assets supporting the GICs and SICs generally consist of high quality fixed income securities with a fair value of \$777,862 and \$413,798 at December 31, 2002 and 2001.

The Plan provides for investments in various investment securities, which in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of these securities will occur in the near term and that such change could materially affect the amounts reported in the statements of net assets available for benefits and participant account balances.

4. Nonparticipant-Directed Investments - Information about the net assets and the significant changes in net assets relating to the nonparticipant-directed investments as of December 31

| | 2002 | 2001 |
|-----------------------------------|--------------|--------------|
| | ----- | ----- |
| Assets | | |
| ----- | | |
| SBC common shares | \$ 1,012,278 | \$ 1,028,969 |
| Temporary cash investments | 4,366 | 2,958 |
| Dividends and interest receivable | 3 | 3 |
| Receivable for investments sold | 55 | 371 |
| Other receivables | - | 1 |
| | ----- | ----- |
| Total Assets | 1,016,702 | 1,032,302 |
| | ----- | ----- |

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| | | |
|-----------------------------------|--------------|--------------|
| Liabilities | | |
| ----- | | |
| Administrative expenses payable | 55 | 368 |
| Payable for investments purchased | 3,241 | - |
| | ----- | ----- |
| Total Liabilities | 3,296 | 368 |
| | ----- | ----- |
| Net Assets Available for Benefits | \$ 1,013,406 | \$ 1,031,934 |
| | ===== | ===== |

| | | |
|--|----|-----------|
| | | 2002 |
| | | ----- |
| Net Assets Available for Benefits, December 31, 2001 | \$ | 1,031,934 |
| Employer contributions | | 126,355 |
| Transfer in due to plan merger | | 288,491 |
| Interest income | | 24 |
| Dividends | | 57 |
| Net depreciation in fair value of investments | | (279,998) |
| Administrative expenses | | (1,557) |
| Distributions | | (150,619) |
| Transfer to other plan | | (1,281) |
| | | ----- |
| | | (18,528) |
| | | ----- |
| Net Assets Available for Benefits, December 31, 2002 | \$ | 1,013,406 |
| | | ===== |

5. Tax Status - The Plan has received a determination letter from the Internal Revenue Service

10, 1997, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code
therefore, the related trust is exempt from taxation. Once qualified, the Plan is required
conformity with the IRC to maintain its qualification. The plan sponsor has indicated that
necessary steps, if any, to maintain the Plan's qualified status.

On February 28, 2002, the Plan filed for, but has not yet received, a new tax determination
IRS to reflect legally required changes and other changes made to the Plan since the previous
letter was issued.

6. Reconciliation of Financial Statements to Form 5500 - The following is a reconciliation of Net

Available for Benefits per the financial statements to the Form 5500 as of December 31:

| | | |
|--|----|-----------|
| | | 2002 |
| | | ----- |
| Net Assets Available for Benefits per the financial statements | \$ | 4,468,213 |
| Less: Distribution payable to participants | | (3,670) |
| | | ----- |
| | | ----- |
| Net Assets Available for Benefits per the Form 5500 | \$ | 4,464,543 |
| | | ===== |

The following is a reconciliation of benefits paid to participants per the financial statements

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Form 5500 for the year ended December 31, 2002:

Distributions to participants per the financial statements

Add: Distributions payable to participants at December 31, 2002

Less: Distributions payable to participants at December 31, 2001

Distributions to participants per the Form 5500

Distributions payable to participants are recorded on the Form 5500 for benefit claims that processed and approved for payment prior to December 31, but not yet paid as of that date.

SBC SAVINGS AND SECURITY PLAN
EIN 43-1301883, PLAN NO. 004

SCHEDULE G, PART III - SCHEDULE OF NONEXEMPT TRANSACTIONS
December 31, 2002

| (a) Identity of Party Involved | (b) Relationship to Plan, Employer, or Other Party-In-Interest | (c) Description of Transactions |
|-----------------------------------|---|--|
| SBC Communications Inc. | Employer/Plan Sponsor | Failure to timely remit participant de for the pay period(s) ended: December 29, 2001 June 1, 2002 November 23, 2002 December 1, 2002 |

* The earnings will be repaid to the Plan during 2003.

Note: Columns (d) - (g) are not shown as they are not applicable.

SBC SAVINGS AND SECURITY PLAN
EIN 43-1301883, PLAN NO. 004

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2002
(Dollars in Thousands)

| Identity of Issue | Description of Investment | Co |
|-------------------|------------------------------|-------|
| ----- | ----- | ----- |

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Employee Stock Ownership Plan

| | | | |
|---|---------------------------|----|-------|
| * SBC common shares | 37,339,635 shares | \$ | 80 |
| * Boston Safe Deposit and Trust Company | Temporary cash investment | | |
| | | | ----- |
| Total Employee Stock Ownership Plan | | | 80 |
| | | | ----- |

SBC Shares Fund

| | | | |
|---|---------------------------|--|---|
| * SBC common shares | 58,352,204 shares | | |
| * Boston Safe Deposit and Trust Company | Temporary cash investment | | |
| | | | * |
| Total SBC Shares Fund | | | |

Bond Fund

| | | | |
|--|-----------------|--|----|
| * Barclays Global Investors Intermediate | | | |
| Government/Credit Bond Index Fund F | 8,615,304 units | | ** |

Large Cap Stock Fund

| | | | |
|---|------------------|--|---|
| * Barclays Global Investors Equity Index Fund F | 33,468,312 units | | * |
|---|------------------|--|---|

Interest Income Fund

| | | | |
|---------------------------------|----------------------------|--|--|
| Allstate Life Insurance Company | Synthetic contract wrapper | | |
| INVESCO Group Trust | #77079, 6.64%, *** | | |
| | Group Trust: Lambda | | |

| | |
|---------------------------------|-------|
| Allstate Life Insurance Company | 7.10% |
|---------------------------------|-------|

| | |
|--|----------------------------|
| Bank of America National Association | Synthetic contract wrapper |
| Capital Auto Rec Asset Trust | #99-086, 5.32%, *** |
| Capital Auto Rec Asset Trust | Prime Auto |
| Capital Auto Rec Asset Trust | Prime Auto |
| Chase Manhattan Auto Owner Trust | Prime Auto |
| Federal Home Loan Mortgage Corporation | Agency Debenture |
| Providian Master Trust | Monoline Credit Card |
| Capital One Master Trust | Monoline Credit Card |
| Capital One Master Trust | Monoline Credit Card |
| Federal Home Loan Mortgage Company | Agency Debenture |
| Prime Credit Card Master Trust | Retail Credit Card |
| Fannie Mae Whole Loan | PAC |
| Credit Suisse First Boston | Conduit |
| Nordstrom Private Label Credit Card Master | Retail Credit Card |
| Commercial Mortgage Asset Trust | Conduit |

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TIAA Cref
 Union Acceptance Corp

Conduit
 Sub Prime Auto

SBC SAVINGS AND SECURITY PLAN
 EIN 43-1301883, PLAN NO. 004

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) - (Continued)
 December 31, 2002
 (Dollars in Thousands)

| Identity of Issue | Description of Investment | Cos |
|--|--|-----|
| United States Treasury | Treasury Note | |
| WFS Financial Owners Trust | Sub Prime Auto | |
| Fannie Mae Whole Loan | FHA/VA Reperforming Pas | |
| Household Private Lab MT 2 | Retail Credit Card | |
| Bank of America National Association | Cash on Hand | |
| Business Men's Assurance Company of America | 5.75% - 7.44%, 7/29/03 | |
| CDC Financial Products Inc. | 5.38% - 7.01%, 8/29/05 - 10/17/05 | |
| JP Morgan Chase Bank | Synthetic contract wrapper #401792-L2, 6.26%, *** | |
| INVESCO Group Trust for Retirement Sav. | Group Trust: Lambda II | |
| JP Morgan Chase Bank | Synthetic contract wrapper #426424-T, 5.12%, *** | |
| Federal Home Loan Mortgage Company | Agency Debenture | |
| United States Treasury | Treasury Note | |
| American Express Credit Account | Monoline Credit Card | |
| Fleet Credit Card Master Trust | Bank Credit Card | |
| CIT Equipment Collateral | Small Equipment Lease | |
| AmeriCredit Automobile Receivables Trust | Sub Prime Auto | |
| Credit Suisse First Boston Mortgage Sec. | Conduit | |
| Nissan Auto Receivables Owners Trust | Prime Auto | |
| Ford Credit Auto Owners Trust | Prime Auto | |
| Ford Credit Auto Owners Trust | Prime Auto | |
| Ford Credit Auto Owners Trust | Prime Auto | |
| Capital One Master Trust | Monoline Credit Card | |
| Citibank Credit Card | Bank Credit Card | |
| Citibank Credit Card | Bank Credit Card | |
| Federal Home Loan Mortgage Company | Agency Debenture | |
| Federal Home Loan Mortgage Company | Agency Debenture | |
| Fannie Mae Whole Loan | FHA/VA Reperforming Pass | |
| Fannie Mae Whole Loan | Agency Debenture | |
| Copelco Capital Fund Corporation | Small Equipment Lease | |
| Daimler Chrysler | Prime Auto | |
| Fannie Mae Whole Loan | FHA/VA Reperforming Pass | |
| Household Private Lab MT 2 | Retail Credit Card | |

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| | |
|--|--------------------------|
| LB Commercial Conduit Mrtg Tr | Conduit |
| National City Auto Rec Tr | Prime Auto |
| Sears Credit Account Trust | Retail Credit Card |
| WFS Financial Owners Trust | Sub Prime Auto |
| Chase Manhattan Credit Card Master Trust | Bank Credit Card |
| Honda Auto Receivables Owner Trust | Prime Auto |
| Caterpillar Financial Asset Trust | Large Equipment Loan |
| Fannie Mae Whole Loan | FHA/VA Reperforming Pass |
| JP Morgan Chase Bank | Cash on Hand |

| Identity of Issue | Description of Investment | Cos |
|--|---|-------|
| ----- | ----- | ----- |
| Continental Assurance Company | Synthetic contract wrapper #63005611, 5.76%, *** | |
| INVESCO Group Trust for Retirement Savings | Group Trust Beta | |
| GE Life and Annuity Assurance Company | 7.45% - 8.00%, 12/17/01 - 7/7/04 | |
| Jackson National Life Insurance Company | 7.50%, 1/5/04 | |
| John Hancock Life Insurance Company | 2.83% - 6.28%, 2/1/02 - 2/3/03 | |
| Metropolitan Life Insurance Company | 5.25% - 6.99%, 4/1/02 - 5/13/02 | |
| Metropolitan Life Insurance Company | Synthetic Contract Wrapper #28434, 5.60%, *** | |
| Capital Auto Rec Asset Trust | Prime Auto | |
| Carmax Auto Owner Trust | Non Prime Auto | |
| Commercial Mortgage Asset Trust | Conduit | |
| Federal Home Loan Mortgage Company | Agency Debenture | |
| Fannie Mae Whole Loan | Agency Debenture | |
| Fannie Mae Whole Loan | Multifamily Balloon | |
| Fleet Credit Card MT | Bank Credit Card | |
| Honda Auto Receivables | Prime Auto | |
| Household Auto Trust | Sub Prime Auto | |
| MBNA Master Trust | Monoline Credit Card | |
| Nissan Auto Owners Trust | Prime Auto | |
| Toyota Auto Receivable Owner Trust | Prime Auto | |
| Union Acceptance Corporation | Sub Prime Auto | |
| United States Treasury | Treasury Note | |
| United States Treasury | Treasury Note | |
| WFS Financial Owners Trust | Sub Prime Auto | |
| Metropolitan Life Insurance | Cash on Hand | |

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| | |
|-------------------------------------|----------------------------|
| Monumental Life Insurance Company | 7.08% - 7.25%, 7/25/05 |
| Monumental Life Insurance Company | Synthetic contract wrapper |
| | #00292TR, 5.00%, *** |
| CIT Equipment Collateral | Small Equipment Lease |
| Capital Auto Receivable Asset Trust | Prime Auto |
| COAFT | Sub Prime Auto |
| Carmax Auto Owner Trust | Non Prime Auto |
| Discover Card Trust | Bank Credit Card |
| FSPC | ABS- Home Equity Agency |
| Fannie Mae Whole Loan | FHA/VA Reperforming Pass |
| Household Automotive Trust | Sub Prime Auto |
| Home Ownership Fund Corporation | Step Down Preferred |

| Identity of Issue | Description of Investment | Cos |
|--|---------------------------|-------|
| ----- | ----- | ----- |
| Home Ownership Fund Corporation | Step Down Preferred | |
| MBNA Master Trust | Monoline Credit Card | |
| Nissan Auto Owners Trust | Prime Auto | |
| Federal Home Loan Mortgage Corporation | Agency Debenture | |
| United States Treasury | Treasury Note | |
| BOIT | Bank Credit Card | |
| First USA Credit Card Master Trust | Bank Credit Card | |
| Prudential Securities Secured Financing | Conduit | |
| Structured Asset Securities Corp | AB SBA Loan PT | |
| Vanderbilt Mortgage Finance | Manufactured Housing | |
| American Express Credit Account Master | Monoline Credit Card | |
| Federal Home Loan Mortgage Corporation | Agency Debenture | |
| Pinnacle CBO FSA Insured | Cash Flow CBO | |
| Residential Asset Mtg Product | ABS--Home Equity Agency | |
| Residential Asset Securities Corporation | Home Equity Monoline | |
| Onyx Acceptance Grantor Trust | Sub Prime Auto | |
| AmeriCredit Automobile Receivables Trust | Sub Prime Auto | |
| WFS Financial Owners Trust | Sub Prime Auto | |
| Fannie Mae Whole Loan | Multi Family Balloon | |
| Fannie Mae Whole Loan | ABS Home Equity Agency | |
| Fannie Mae Whole Loan | ABS Home Equity Agency | |
| Ford Auto Owners Trust | Prime Auto | |
| Honda Auto Receivables Owner Trust | Prime Auto | |
| Honda Auto Receivables Owner Trust | Prime Auto | |
| Sears Credit Account Master Trust | Retail Credit Card | |
| Monumental Life Insurance Company | Cash on Hand | |

| | |
|---------------------------------|------------------|
| New York Life Insurance Company | 3.65% - 6.06%, |
| | 6/28/02 - 2/2/04 |
| Pruco Life Insurance Company | 6.02% - 7.48%, |

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| | |
|--|--|
| | 9/7/04 - 11/30/05 |
| Security Life of Denver Insurance Company | 7.39% - 7.65%, |
| | 2/11/03 - 10/4/04 |
| SunAmerica Life Insurance Company | 7.14%-7.63% |
| State Street Bank and Trust Company | Synthetic contract wrapper #99035-LB1, 6.15%, *** |
| INVESCO Group Trust for Retirement Savings | Group Trust: Lambda I |
| Rabobank Nederland | Synthetic contract wrapper #SBC060201, 4.01%, *** |
| Federal Home Loan Mortgage Company | Agency Debenture |
| State Street Bank and Trust Company | Synthetic contract wrapper #99039, 5.08%, *** |
| MBNA Master Credit Card Trust USA | Monoline Credit Card |
| MBNA Master Trust | Monoline Credit Card |
| MBNA Master Trust | Monoline Credit Card |

| Identity of Issue | Description of Investment | Cos |
|--|---------------------------|-------|
| ----- | ----- | ----- |
| National City Auto Rec Trust | Prime Auto | |
| American Express Optima CC MT | Monoline Credit Card | |
| American Express Optima CC MT | Monoline Credit Card | |
| Americredit Auto Receivable | Sub Prime Auto | |
| COAFT | Sub Prime Auto | |
| Chase Manhattan Auto Owners Trust | Prime Auto | |
| CMAC | Conduit | |
| Delta Funding HEL Trust | Home Equity Monoline | |
| Federal Home Loan Mortgage Corporation | Agency Hybrid ARM | |
| Federal Home Loan Mortgage Corporation | Agency Debenture | |
| Fannie Mae Whole Loan | Agency Debenture | |
| Fannie Mae Whole Loan | FHA/VA Reperforming | |
| Federal Home Loan Mortgage Corporation | ABS - Home Equity Agency | |
| Fleet Credit Card MT | Bank Credit Card | |
| Ford Auto Owners Trust | Prime Auto | |
| Nissan Auto Owners Trust | Prime Auto | |
| Prudential Secured Financing | Conduit | |
| Sears Credit Account Master Trust | Retail Credit Card | |
| Sears Credit Account Master Trust | Retail Credit Card | |
| Sears Credit Account Master Trust | Retail Credit Card | |
| Sears Credit Account Master Trust | Retail Credit Card | |
| Citibank Credit Card Master Trust II | Bank Credit Card | |
| Citibank Credit Card Master Trust II | Bank Credit Card | |
| Federal Home Loan Mortgage Corporation | Agency Debenture | |
| Federal Home Loan Mortgage Corporation | Agency Debenture | |
| Fannie Mae Whole Loan | ABS- Home Equity Agency | |
| Fannie Mae Whole Loan | ABS- Home Equity Agency | |
| Capital One Master Trust | Monoline Credit Card | |

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| | |
|-------------------------------------|---------------|
| United States Treasury | Treasury Note |
| Honda Auto Receivables Owner Trust | Prime Auto |
| United States Treasury | Treasury Note |
| State Street Bank and Trust Company | Cash on Hand |

| | |
|--------------------------------------|----------------------------|
| UBS AG | Synthetic Contract Wrapper |
| | #5029, 5.16%, *** |
| Americredit Auto Receivable | Sub Prime Auto |
| COAFT | Sub Prime Auto |
| Chase Manhattan Credit Card MT | Bank Credit Card |
| Copelco Capital Fund Corporation | Small Equipment Lease |
| Federal Home Loan Mortgage Company | Agency Hybrid ARM |
| Federal Home Loan Mortgage Company | Agency Debenture |
| Federal Home Loan Mortgage Company | Agency Debenture |
| Fannie Mae Whole Loan | ABS- Home Equity Agency |
| Fannie Mae Whole Loan | ABS- Home Equity Agency |
| Fleet Credit Card MT | Bank Credit Card |
| Residential Asset Mtg Production Inc | ABS- Home Equity Agency |
| TIAA Cref | Conduit |
| Union Acceptance Corporation | Sub Prime Auto |
| UBS AG | Cash on Hand |

| Identity of Issue | Description of Investment | Cos |
|-------------------|---------------------------|-------|
| ----- | ----- | ----- |

| | | |
|---|---------------------------|----|
| * Boston Safe Deposit and Trust Company | Temporary cash investment | |
| Total Interest Income Fund | | ** |

Asset Allocation Fund

| | | |
|---|------------------|----|
| * Barclays Global Investors U.S. Tactical Asset | | |
| Allocation Fund F | 13,891,416 units | ** |

Global Equity Fund

| | | |
|---|-----------------|----|
| * Barclays Global Investors U.S. Equity Market Fund F | 1,587,706 units | |
| * Barclays Global Investors EAFE Equity Index Fund E | 744,540 units | |
| Total Global Equity Fund | | ** |

Mid and Small Cap Stock Fund

| | | |
|-------------------------------|-----------------|--|
| Extended Equity Market Fund F | 1,933,288 units | |
|-------------------------------|-----------------|--|

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International Fund

International Stock

292,991 units

Loan Fund

* Loans to Plan Participants

5.25% - 5.75%

**

TOTAL

* Party-in-Interest.

** Participant-directed investment, cost not required.

*** Synthetic Insurance Contracts, no stated maturity.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator for the Plan has caused this annual report to be signed by the undersigned thereunto duly authorized.

SBC SAVINGS AND SECURITY PLAN

By SBC Communications Inc., Plan Administrator
for the Foregoing Plan

By /s/ Karen E. Jennings

Karen E. Jennings
Senior Executive Vice President
Human Resources and Compensation

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Date: June 25, 2003

EXHIBIT INDEX

Exhibits identified below, Exhibit 23 is filed herein as an exhibit hereto and Exhibit 99 attached hereto.

Exhibit
Number

| | |
|----|---|
| 23 | Consent of Independent Auditors Ernst & Young LLP |
| 99 | Certification of Periodic Financial Reports |